

# Winchester Investment Regulations

<b>PERAC Approval Date</b>	<b>Regulation Number</b>	<b>Supplemental Investment Regulation</b>
February 22, 2006	16.08	In accordance with Investment Guideline 99-2, the Winchester Retirement Board is authorized to make a modest modification to its equity management mandate with State Street Global Advisors. Currently, SSGA's asset allocation group has discretionary authority to manage about 30% of Winchester's total portfolio by investing in five of SSGA's domestic and international equity funds, all of which have been authorized by PERAC. The Board will now authorize SSGA to also invest opportunistically in SSGA's Real Asset Strategy, which is a fund-of-funds that invests in four index funds involving REITs, commodities, natural resource stocks, and TIPS. While investment in such a strategy would ordinarily require a separate search process, the Board feels that a search would not be productive because it is seeking to invest only opportunistically in this product, as opposed to having a permanent commitment, and since the typical position in this strategy will likely not exceed \$1 million. The Board has had a satisfactory relationship with SSGA and has carefully considered the merits of the Real Asset Strategy.
February 11, 2004	16.08	The Winchester Retirement Board is authorized to make a modification to their existing international equity mandate with State Street Global Advisors. The board's existing international equity funds are primarily invested in large-cap securities. In order to achieve greater diversification in its international equity holdings, the board intends to allocate a relatively small proportion of its international equity portfolio to SSGA's Active International Small Cap Securities Lending Common Trust Fund. The Board has had a satisfactory relationship with SSGA and its international equity team since 1998, and the fund being added has had a very strong performance record since its inception in 1997.
February 26, 2003	16.08	In accordance with Investment Guideline 99-2, the Winchester Retirement Board is authorized to invest in the SSGA International Alpha Fund. As part of its portfolio rebalancing, the Board is adding to its holdings in international equity. In accomplishing this, the Board is supplementing its current investment in the SSGA International Growth Opportunities Fund by initiating an investment in the SSGA International Alpha Fund. Both funds have an MSCI-EAFE benchmark, with the existing fund having a growth "tilt" and the Alpha Fund a "value" tilt. The Board has had a satisfactory experience with SSGA in international equity and benefits from the

low management fees of SSGA's commingled funds.

June 21, 2002

Notwithstanding the provisions of the Public Employee Retirement Administration Commission Regulations the Winchester Retirement Board may invest funds of the Winchester Retirement System (the "System") with the real estate investment fund known as Realty Associates Fund VI Corporation (the "Fund), and while the assets of the System are so invested,

- (i) the assets of the System shall be deemed to include, for purposes of applying the rules set forth in 840 CMR 16.00 et seq. and 17.00 et seq., the System's interest in the Fund but not any of the underlying assets of the Fund or the operating partnership in which the Fund is invested (the "OP"); provided that, at all times, the Fund and the OP qualify as "venture capital operating companies" or "real estate operating companies" within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the regulations promulgated thereunder, or the assets of the Fund and the OP would not be treated as plan assets under ERISA; and
  - (ii) the limitation set forth in 840 CMR 19.01(6) shall be deemed satisfied if no single investment of the OP, valued at cost, exceeds 20% of the capital commitments to the Fund and the OP.
1. The Winchester board may invest funds of the Town of Winchester Retirement System (the "System") with the real estate investment fund known as the Guggenheim Plus Real Estate Trust (the "Fund"), and while the assets of the System are so invested, the activities and the investments of the Fund and the affiliated and unaffiliated underlying funds and accounts in which the Fund invests, directly or indirectly, shall be deemed to satisfy the prohibited transaction rules set forth in 840 CMR 17.03 to the extent such activities satisfy the prohibited transaction rules set forth in Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA), taking into account ERISA Section 408(b)(8), Prohibited Transaction Class Exemption 91-38, Prohibited Transaction Class Exemption 84-14, and 29 CFR § 2510.3-101.
  2. The limitations and restrictions of 840 CMR Section 19.01(6) shall not apply to the Fund for the two-year period commencing on the date of the Fund's

initial investment. For purposes of applying the limitation set forth in 840 CMR Section 19.01(6)(c), the Fund's investment in affiliated entities shall be treated as invested in the investments directly or indirectly held by these entities, pro rata based on the Fund's indirect net investment in each.